

Message Text

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14

ACTION NEA-12

INFO OCT-01 IO-14 ISO-00 L-03 AGR-20 ABF-01 TRSE-00 OMB-01

AID-20 EB-11 SS-20 NSC-10 PRS-01 NSCE-00 SSO-00 DRC-01

RSC-01 /116 W

----- 010989

O 021545Z DEC 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC NIACT IMMEDIATE 8181

INFO USMISSION USUN NY IMMEDIATE

C O N F I D E N T I A L NEW DELHI 14035

C O R R E C T E D C O P Y (PARA 6.)

SECSTATE PLEASE REPEAT THE FOLLOWING FOUR TELEGRAMS TO
AMBASSADOR MOYNIHAN AT USUN

STATE 236126

STATE 235711

STATE 236135

STATE 236125/1 AND STATE 236125/2

FOR USUN PLEASE PASS THIS TELEGRAM TO AMBASSADOR MOYNIHAN
AND THE ABOVE REF'D TELEGRAMS WHEN YOU RECEIVE THEM

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJECT: RUPEES: SUBSTANTIVE ISSUES

REF: STATE 236135

1. WE ARE SURPRISED AT THE RAISING OF "SUBSTANTIVE ISSUE "
AT THIS STAGE IN THE NEGOTIATIONS, AND AT THE DEGREE OF
MISUNDERSTANDING WITH REGARD TO A SETTLEMENT
THAT, WHILE ASSUREDLY COMPLEX, ON BALANCE IS CONSIDERABLY
MORE BENEFICIAL TO THE U.S. G. THAN OUR ORIGINAL NEGOTIATING
OBJECTIVES.

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2. THIS MESSAGE REPLIES TO STATE'S 236135 IN GENERAL TERMS.

MORE DETAILED REPLIES TO SPECIFIC ISSUES (WHERE NECESSARY)
ARE CONTAINED IN SEPARATE MESSAGES:

3. MOV. TWO-WAY MOV WITH A FLOOR IS NOT TWO-WAY MOV.
THE AMBASSADOR WILL DISCUSS THIS FURTHER IF NECESSARY.

4. SURPLUS PROPERTY. THIS SUBJECT HAS NOTHING TO DO WITH
THE RUPEE SETTLEMENT AND WAS NOT INCLUDED IN OUR NEGOTIATING
INSTRUCTIONS. THE EMBASSY AGREED TO ATTEMPT TO NEGOTIATE
A SETTLEMENT AND WE STILL BELIEVE THERE IS A GOOD CHANCE
THAT WE WILL ARRIVE AT ONE PRIOR TO MARCH 1 SIGNING. THE
INDIANS HAVE ASKED THAT THIS SUBJECT BE DELETED FROM THE
PREAMBLE AS IRRELEVANT, WHICH IT IS. WE ARE TALKING ABOUT
AT THE MAXIMUM, LESS THAN \$2 MILLION IN RUPEES AND WE ARE
OBTAINING ABOUT \$200 MILLION IN RUPEES MORE THAN WE WERE
INSTRUCTED TO GET.
NEVERTHELESS, WE WILL, IF THE DEPARTMENT DESIRES,
INCLUDE REFERENCE TO THE DESIRABILITY OF SUCH A SETTLEMENT
IN THE TRANSMITTAL LETTER WHICH WILL ACCOMPANY THE AGREEMENT
AT THE INITIALING.

5. INTERNATIONAL TRANSPORTATION. WE DO NOT BELIEVE THIS IS
AN ISSUE. WE HAVE ALWAYS APPRECIATED THE IMPORTANCE OF
UTILIZING RUPEES FOR INTERNATIONAL TRAVEL AND IT HAS BEEN MADE
CLEAR BY US IN THE NEGOTIATIONS (AND ACCEPTED BY THE GOI)
THAT WE SHALL CONTINUE TO USE RUPEES FOR THIS PURPOSE.
(WE SHALL RECONFIRM ONCE AGAIN). WE CAN NOT AFFORD TO INCLUDE
SPECIFIC LANGUAGE SPELLING OUT THIS ESTABLISHED USE (ALONE)
WITHOUT JEOPARDIZING STATUS OF OTHER ESTABLISHED USES WHICH
ARE NOT SPECIFICALLY MENTIONED. AS FAR AS WE KNOW, ALL
THROUGH THE MOST DIFFICULT DAYS OF USG-GOI RELATIONS THIS
USE OF RUPEE HAS NEVER BEEN CHALLENGED.

6. INFLATION. NO PROBLEM. WE ARE NOT IN LOVE WITH THE
ACTUAL LANGUAGE BUT IT HAS BEEN CLEAR THROUGHOUT THE NEGOTIATION
THAT IF THERE WERE, SAY, 20 PERCENT INFLATION WE COULD
INCREASE OUR EXPENDITURES BY 20 PERCENT. WE SHALL NEVERTHELESS
SEEK TO SUBSTITUTE "FULL" FOR "REASONABLE" IN PARAGRAPH
9(C) OF PART II. UNLESS OTHERWISE INFORMED, DEPARTMENT MAY
ASSUME WE WERE SUCCESSFUL.
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7. INTERNATIONAL ORGANIZATIONS. GOI HAS ALWAYS HAD A VETO
(FORMAL AND INFORMAL) OVER SUCH USE OF RUPEES. DELETION
OF PARAGRAPH 9(B) PART II AND LUMPING OF THIS USE WITH OTHER
USES, EVEN IF IT WERE AGREEABLE TO GOI, IS EXTREMELY DANGEROUS
SINCE IT ELIMINATES THE CLEAR NEGOTIATION RECORD THAT THERE
IS NO GOI VETO OVER ESTABLISHED US USES. WE BELIEVE THAT
PRESENT LANGUAGE IS EUPHEMISTIC AND SHOULD NOT RAISE PROBLEMS

IN OTHER COUNTRIES.
SCHNEIDER

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